

Message Text

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TO SECSTATE WASHDC IMMEDIATE 2081

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E.O. 11652: N/A

TAGS: PFOR, IT

SUBJECT: CHURCH SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS

REF: STATE 164715

1. THE FOLLOWING ARE PARTIAL ANSWERS THE QUESTIONS IN
REFTEL.

1. QUESTION 1A: THERE WAS NO ITALIAN LAW ON CONTRIBUTIONS TO
POLITICAL PARTIES BY PRIVATE CORPORATIONS PRIOR TO MAY 2, 1974.
THUS SUCH CONTRIBUTIONS WERE NOT PER SE ILLEGAL. THE LAW OF
MAY 2, 1974(LAW NO. 195, PUBLISHED IN THE "GAZZETTA UFFICIALE DELLA
REPUBBLICA ITALIANA" NO. 135 DATED MAY 25, 1974 AT PAGES 3594-96)
PROHIBITS POLITICAL CONTRIBUTIONS BY PUBLIC AGENCIES AND PARA-
STATAL COMPANIES (THAT IS, COMPANIES WHICH ARE 20 PERCENT OR MORE
OWNED BY THE STATE). CONTRIBUTIONS BY OTHER COMPANIES, THAT IS,
INCLUDING ALL PRIVATE COMPANIES, ARE PERMITTED PROVIDED THAT THE
CONTRIBUTION IS APPROVED BY A COMPETENT AUTHORITY OF THE COMPANY,
INCLUDED IN THE COMPANY'S BUDGET, AND NOT OTHERWISE PROHIBITED
BY LAW. PRIVATE INDIVIDUALS ARE NOT PROHIBITED FROM MAKING
POLITICAL CONTRIBUTIONS. THE TEXT OF THE RELEVANT ARTICLE IS
AS FOLLOWS:

"ART. 7 - ANY KIND OF FINANCING OR PAYMENT OF CONTRIBUTIONS
BY BODIES OF THE PUBLIC ADMINISTRATION, BY PUBLIC AGENCIES, BY
COMPANIES IN WHICH THE STATE HOLDS AN INTEREST EXCEEDING 20 PERCENT
OF THE CAPITAL OR BY COMPANIES CONTROLLED BY THE LATTER, IN FAVOR
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OF PARTIES, INTERNAL PARTY GROUPS, PARTY ORGANIZATIONS AND

PARLIAMENTARY GROUPS, IS PROHIBITED.

"ANY KIND OF DIRECT OR INDIRECT FORM OF FINANCING OR PAYMENT OF CONTRIBUTIONS BY COMPANIES NOT INCLUDED AMONG THOSE REFERRED TO IN THE PRECEDING PARAGRAPH IN FAVOR OF PARTIES, INTERNAL PARTY GROUPS, PARTY ORGANIZATIONS OR PARLIAMENTARY GROUPS IS ALSO PROHIBITED, UNLESS SUCH FINANCING OR CONTRIBUTION HAS BEEN DECIDED BY THE COMPETENT AUTHORITY OF THE COMPANY BODY AND REGULARLY ENTERED IN THE BUDGET AND PROVIDED IT IS NOT FORBIDDEN BY THE LAW.

"WHOEVER GIVES OR RECEIVES CONTRIBUTIONS IN VIOLATION OF THE PROHIBITIONS ENVISAGED IN THE PRECEDING PARAGRAPHS OR, IN THE CASE OF THE COMPANIES REFERRED TO IN PARAGRAPH TWO, WITHOUT THE DECISION THAT MUST BE MADE BY THE COMPANY'S COMPETENT AUTHORITY OR WITHOUT HAVING ENTERED THE CONTRIBUTION OF FINANCING INTO THE COMPANY'S BALANCE SHEET, SHALL BE PUNISHED WITH IMPRISONMENT FROM 6 MONTHS TO 4 YEARS AND A FINE UP TO THREE TIMES THE AMOUNTS PAID IN VIOLATION OF THIS LAW."

3. QUESTION 1B: THE ITALIAN MAGISTRACY IS INDEPENDENT OF THE EXECUTIVE. MAGISTRATES DO NOT ANNOUNCE PUBLICLY AND WILL NOT PROVIDE PRIVATELY INDICATION OF SPECIFIC STATUTORY VIOLATIONS THAT THEY ARE INVESTIGATING. NEVERTHELESS, INVESTIGATIONS CURRENTLY UNDERWAY BY THE MAGISTRACY APPEAR TO BE BASED ON POSSIBLE VIOLATIONS OF ITALY'S LAWS AGAINST BRIBERY AND ABUSE OF PUBLIC OFFICE. THESE LAWS ARE CONTAINED IN ARTICLES 318, 319, 321, 323 AND 324 OF THE ITALIAN PENAL CODE. ARTICLE 501("FRAUDULENTLY RAISING OR LOWERING OF PRICES ON THE PUBLIC MARKET OR IN THE COMMERCIAL EXCHANGES") MAY ALSO BE INVOLVED, AND INDEED THERE MAY BE OTHER LAWS. EMBASSY TRANSLATIONS OF THE TEXTS OF THESE ARTICLES ARE BEING SENT BY SEPTEL.

4. QUESTION 1C: SINCE THE INVESTIGATIONS ARE CONDUCTED BY THE MAGISTRACY, WHICH IS PART OF THE JUDICIARY AND INDEPENDENT FROM THE EXECUTIVE, THERE IS NORMALLY NO OCCASION FOR THE GOVERNMENT TO MAKE ANY OFFICIAL STATEMENTS REGARDING THE MAGISTRACY'S INVESTIGATIONS. AS FAR AS WE CAN DETERMINE NONE HAS BEEN MADE.

5. QUESTION 1D:
WE ARE INFORMED THAT THE MAGISTRACY IS ALSO INVESTIGATING THE BANANA PAYOFF ALLEGATIONS. THIS INVESTIGATION WAS STIMULATED BY LIMITED OFFICIAL USE

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ITALIAN PRESS REPORTS OF PUBLIC COMMENTS OF AN SEC INVESTIGATOR (SEE ROME 8456 OF JUNE 12, 1975). THE LAWS AND POSSIBLE CHARGES INVOLVED ARE THE SAME ONES CITED ABOVE ON QUESTION 1B.

6. FURTHER COMMENTS ON QUESTION 1B WILL BE FORWARDED BY SEPTEL.
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